

*City Council's*  
*Adopted Budget*

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*Expenditure and Revenue Forecast*  
*Section*

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## **GENERAL FUND EXPENDITURE AND REVENUE FORECAST ASSUMPTIONS FISCAL YEARS 2006-2007 THROUGH 2010-2011**

The primary purpose of this forecast is to present a prospective view of the City's general fund revenue and expenditure levels over the next five years. It is important to note that as assumptions become reality in future years, the forecast will change. As such, this forecast should be used as a planning tool and amended annually. It is also important to note that the City Council is required by Charter to adopt a balanced budget. Therefore, any projections that indicate a budget gap will require adjustments prior to budget adoption. These adjustments will range from reducing expenditures to raising revenues to a combination of both.

### **Assumptions for Expenditure Projections**

**Salaries and Wages** show a slowly escalating 2.5-3.5% increase beginning in the 2006-2007 projected expenditures due to reinstated contractual wage increases. It is anticipated that this category will increase at this rate through the remaining period of the forecast.

**Fringe Benefits**, which include City, Board of Education and Library employees, will continue to increase approximately 10%, based on the experience of the last five years of employee insurance costs.

**Supplies and Materials** increases are primarily due to projected cost increases in gasoline and diesel fuel. There may be some adjustments made in future forecast years due to the movement towards alternative fuels. Future costs are adjusted for a 3% inflation factor.

**Contractual Service** increases in the remaining years of the forecast include a \$4 per ton adjustment for projected increases in tip fees.

**Education** increases by 2% for the remainder of this forecast.

**Sundry** increases take into consideration the retirement of old debt and availability of funding for future projects, adjustment to the wage and fringe account in anticipation of retirement cashouts, and an increase in property and casualty insurance account based on annual industry projections.

**Property, Plant and Equipment** projects an increase in each of the five forecast years based on a fleet lease/purchase plan that includes a replacement schedule, and to establish an ongoing replacement schedule for all municipal fleet vehicles and fire apparatus to ensure the fleet is more current and capable of supporting City operations.

## **Assumptions for Revenue Projections**

The General Fund Revenue Forecast highlights revenue increases for Hartford as we embark on new and significant opportunities. These opportunities will continue to increase most categories throughout the forecast. Revenues will increase each year expecting both a higher collection rate, as much as 96%, and a broader tax base with new developments in store and additional fees for different City services. It should be noted that the implementation of revenue generating opportunities will increase future revenues by approximately \$10,000,000 over time. These opportunities are explained in the revenue section.

**Taxes** are a major source of revenue. The Recommended FY 2005-2006 Budget represents a slight decrease of 1.24% in the October 1, 2004 Grand List. This decrease is attributable to an increase in Exempt property of 43%. Future year taxes will increase with higher collection rates and new property development.

**Licenses and Permits** revenues have increased because of significant building activity and enforcement. Parking Meter income will increase by a total of approximately \$600,000 later in the forecast. This fluctuation is due to implementation of new technologies and increasing enforcement.

**Fines, Forfeits and Penalties** will see a substantial increase in Parking Tickets collections as we implement the new and improved system to collect delinquent fees and backlogs. This will increase slightly the following year then gradually level out over future years. We are forecasting a drop of approximately \$517,000 for 2010-2011, as residents and citizens comply with citation stipulations.

**Revenue From The Use of Money and Property** is forecasted to increase an average of \$300,000 throughout the next five years. This is primarily from additional rents and development projects.

**Intergovernmental Revenue** will decrease in 2006-2007. The Telecommunications personal property tax remains constant. Other years represent a marginal increase. Educational Cost Sharing Revenue from the State and other grants funds dominate this category. The Governor and the Legislature will decide future adjustments in this area.

**Charges for Services** will increase with higher fees and additional fees for different City services, as we continue to implement innovative revenue opportunities.

**Reimbursements** include amounts payable to the City from grant programs for fringe benefits. The substantial decrease is chiefly reflected in the Education Grant and Food Service Programs, whose fringe of \$8,221,400 was budgeted to reduce the City's contribution to fund the Board of Education's costs. However, capital projects and fund closures will supplement this category.

**Other Revenue** includes major sales of development properties. Future sale of property will depend on foreclosures for back taxes on properties left over from tax and bulk lien sales.

**Fund Balance** is a contribution that will be used to balance the budget. With the implementation and fruition of all new revenue sources, we are not projecting to utilize this fund again until 2010-2011.

# **GENERAL FUND EXPENDITURE AND REVENUE FORECAST** **FISCAL YEARS 2005 - 2006 through 2010 - 2011**

	<b>Adopted 2005 - 2006</b>	<b>Forecast 2006 - 2007</b>	<b>Forecast 2007 - 2008</b>	<b>Forecast 2008 - 2009</b>	<b>Forecast 2009 - 2010</b>	<b>Forecast 2010 - 2011</b>
<b>EXPENDITURE PROJECTIONS</b>						
<b>CITY</b>						
Salaries and Wages	84,860,596	87,695,213	89,805,647	91,968,442	94,185,135	96,456,958
Fringe Benefits	41,743,535	44,021,446	48,423,591	53,265,950	58,592,545	64,451,799
Supplies and Materials	5,162,632	5,317,518	5,477,045	5,641,351	5,810,590	5,984,911
Contractual Services	16,211,212	16,690,056	17,183,268	17,691,263	18,214,516	18,753,443
Non-Personnel Expenses	7,195,036	7,410,874	7,633,196	7,862,184	8,098,025	8,340,935
Sundry	46,221,660	49,742,034	50,736,875	51,751,612	52,786,644	53,842,377
Property, Plant and Equipment	2,783,483	2,839,154	2,895,936	2,953,853	3,012,931	3,073,188
<b>BOE</b>						
Education	208,080,000	212,241,600	216,486,432	220,816,161	225,232,484	229,737,134
Education - Fringe Benefits	45,556,541	52,008,638	57,209,502	62,930,452	69,223,497	76,145,847
<b>LIBRARY</b>						
Library	5,250,670	5,355,265	5,355,683	5,462,370	5,462,797	5,571,618
Library - Fringe Benefits	1,124,213	1,236,634	1,360,298	1,496,328	1,645,960	1,810,556
<b>Total General Fund Expense</b>	<b>464,189,578</b>	<b>484,558,432</b>	<b>502,567,472</b>	<b>521,839,965</b>	<b>542,265,124</b>	<b>564,168,766</b>
<b>REVENUE PROJECTIONS</b>						
<b>CITY</b>						
Taxes	216,323,448	216,473,450	216,923,450	217,256,320	217,951,520	218,112,500
Licenses and Permits	6,002,980	6,415,160	6,715,220	6,877,400	7,010,650	7,212,520
Fines, Forfeits, and Penalties	2,108,150	2,758,150	3,500,000	3,600,000	3,700,000	3,182,520
Revenue Money and Property	6,243,540	6,545,170	6,686,970	6,753,480	6,867,080	7,086,150
Intergovernmental Revenue	220,481,600	218,511,200	218,000,000	220,000,000	220,000,000	222,000,000
Charges for Services	4,890,560	5,466,880	6,043,200	6,150,000	6,200,000	6,435,120
Reimbursements	2,365,750	3,714,400	2,765,550	2,978,950	3,129,730	3,345,650
Other Revenues	5,473,550	1,406,590	1,100,000	600,000	1,000,000	1,000,000
Fund Balance	300,000	0	0	0	1,000,000	1,500,000
<b>Total General Fund Revenue</b>	<b>464,189,578</b>	<b>461,291,000</b>	<b>461,734,390</b>	<b>464,216,150</b>	<b>466,858,980</b>	<b>469,874,460</b>
<b>Variance</b>	<b>0</b>	<b>(23,267,432)</b>	<b>(40,833,082)</b>	<b>(57,623,815)</b>	<b>(75,406,144)</b>	<b>(94,294,306)</b>

## Total Gap Between Revenues and Expenditures

